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Group Art Unit: 3691

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Examiner Name: Zecher, Michael R.

Inventor: Kyle Ray Brown

Attorney Docket No.: 1021002

Title: Method and System for Discount Debit Card

Hon. Commissioner of Patents, Alexandria, VA. 22313

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

APPLICANT'S REPLY

I.

No Reply is made to Parts (1) through (8) of the Answer Pages 2 to 3.

II.

Reply to Answer Part (9) Grounds of Rejection. Pages 3 to 10

Examiner has repeated the grounds of rejection, the same as given in the Final Office Action, mailed 08/28/2007. Applicant has provided a rebuttal to the Final action grounds of rejection, in the Appeal Brief, Section VII., and restates Section VII., of the Appeal Brief herein, the same as restated in its entirety.

III.

The Standard of Review To Be Applied To Rejections Made Under 35 U.S.C. 103

The standard of review requires that a final action of rejection, on appeal, must be set aside an action that is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; or unsupported by substantial evidence. In re Sang Lee, 277 F.3d

1338 , 1342 (Fed. Cir. 2002).

In a determination made under 35 U.S.C. 103(a),

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicit. See *In re Kahn*, 441 F. 3d 977, 988 (CA Fed. 2006). ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"). As our precedents make clear, however, the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.

KSR INTERNATIONAL CO., PETITIONER v. TELEFLEX INC. ET AL. No. 04-1350. Supreme Court of United States. Argued November 28, 2006. Decided April 30, 2007. See Slip Opinion, Part II, A, at page 14.

#### IV.

##### Reply to Answer Part (10) Response to Argument

A. The Differences Existing Between Debit Card Payment Systems and Credit Card Credit Systems.

Credit card systems and debit card systems, and their respective methods, are well

known and understood by those skilled in the art, as may be seen from the disclosures of Harris and Barbara, offered as grounds for rejection.

Harris identifies VISA®, as a credit transaction network. See column 2, lines 24 -28. As is well known by those skilled in the art and as described in Harris, a credit card payment made in a VISA or similar, credit transaction, defers payment by the card holder until settlement. See Harris, column 8, lines 2 -12. Until settlement, as is well known, the credit card holder receives a loan, from a third party credit card company or bank, in the form of a financial record keeping accounting credit entry given to the credit card holder for the amount of a respective purchase. The loan remains as an accounting record entry in the form of a "debit," or "credit,"<sup>1</sup> on the card holder's account, until payment at settlement.

The references to "debit," as used in Harris, refers to an accounting record keeping process, where a transaction is in the ledgers as "debits," and "credits. The use of "debit," in Harris, as explained below in fn. 1, does not refer to a debit card system, where funds are withdrawn from a card holder's account to make payments.

A debit card system, providing a person to person payment, as shown in Barbara, may be compared for its differences with a credit card system, as shown in Harris or as shown in Pierce. In Harris, money is not withdrawn from the customer's or card holder's account, at the time of the transaction. Instead, the third party card company pays for the transaction on behalf of the credit card holder, by entering an accounting record keeping notation, identified as a "debit," or "credit," according to the accounting convention used, in the credit card holder's account ledger, showing a loan to, and money owed, by, the credit card holder, to the third party credit card company. (see fn.

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<sup>1</sup> The record keeping entry in the ledgers of the credit card company, as a "debit," or "credit," record would depend on the general accounting convention used. The use of a "debit," entry or "credit," record entry would not be relevant to the payment process of the credit card system or credit card transaction requiring a third party loan to the card holder, or be relevant to a debit card transaction where the funds for the debit card purchase transaction are withdrawn and transferred from the debit card holder's

1)

In a debit card system, as disclosed in Barbara, there is a transfer of money with the debit card purchase transaction, from the card holder's account to the seller. The transfer is made by withdrawing money from a card holder's "source account" and transferring it to a "recipient" account. See Barbara, Paragraphs 0031, 0065 – 0072.

As disclosed in Barbara, a source account of funds is designated, from which the customer intends to withdraw funds or where a credit card is used, as a source of funds. The source account may be a debit account or a checking account or a credit card account. See Barbara, Paragraphs 0067 – 0070.

However, where a credit card account is used as the source account, the credit charge, a record keeping entry, is made on the card holder's credit account, and no money is withdrawn or transferred from the credit card holder's account. Instead, using the credit card as a source account, the payment is made by a money transfer, from the credit card company (and not from the card holder's funds), on behalf of the credit card customer to a recipient account. See Barbara Paragraph 0071. A third party loan by the credit card company to the credit card holder is then recorded in the credit card, ledgers, as a debit or credit record keeping entry. (See fn.1)

The respective functions, way of operation, and the results achieved, by debit card systems, are not shown or disclosed in a debit card system. In the debit card system, an authorization, for example from a purchase transaction, starts a process where money is taken from the card holder's account, and out of the possession, control, and recourse, of, or by the debit card holder. The financial recording keeping, accounting for this money transfer, is a set of debit and credit, entries in the account ledger of the debit card holder and in the account ledger of the account receiving the money transfer. The record keeping debit card entries shows a completed transaction at the time of the debit card transaction.

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account, in the completion of the purchase transaction.

A credit card payment system is a third party loan to the credit card holder, with a record keeping entry of debit and credit, in the respective accounts of the credit card holder and the credit card company provider, to account for the loan. (See fn. 1). Unlike a debit card transaction, the credit card transaction is not complete until the card holder repays the loan given to the card holder at the time of the transaction.

B. Reply to Answer, Part (10), subsection A. 1. Pages 11 -13.

The Answer is given is a set of "First," "Second," and "Third," arguments,<sup>2</sup> as follows.

The "First," argument made refers to,

- a) Harris, column 1, lines 1 – 35 for the asserted disclosure that "... transactions card . . . [includes] . . . debit or ATM cards . . . , " and
- b) Harris, column 1, lines 46 – 67, for the asserted disclosure "... eventually, a debit is recorded against the associated credit, debit, or ATM cards."<sup>3</sup>

Examiner's statement, based on the above Background disclosure of Harris, are conclusions lacking fact or reasons, to support the assertion these Harris disclosures "make it clear that Harris et al. and the prior art specifically contemplates<sup>4</sup> a discount card system using a debit card.". (see Answer Page 11, lines 4 -21 and Page 12, lines

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<sup>2</sup> The Answer comprising the "First," "Second," and "Third," argument, is limited to a specific disclosures in Harris, stated by column and line numbers, without any application of any facts in these disclosures, to the recited claim elements. The conclusion following these disclosures, fail to identify any elements of Harris meeting the claim recitations and fail to articulate any reasons why or how "Harris et al. teaches, suggests, and discloses the use of a debit card within the claimed system and method for providing discount credit transactions." (See Answer, Page 13, lines 1 – 3)

<sup>3</sup> See fn. 1. The reference in Harris to "debit," discloses an accepted accounting practice. It is provided as "Background," and does not show or suggest converting a credit card system into the claims discount debit card system.

<sup>4</sup> "Contemplates," does not meet the requirement for an articulated reason with some rational underpinning to support the examiner's legal conclusion "... a discount card

1-2).

Examiner has failed to demonstrate Harris, discloses a discount debit card system, as recited in the claims. "Contemplates a discount debit card system," does not meet the requirement of some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. There is no suggestion or teaching or rational shown for making a discount debit card system from the above cited disclosure of Harris, reciting,

The use of transaction cards (including debit or ATMcards) . . . "

(See Harris, column 1, lines 1 – 35),

Or that Harris discloses, or offers any suggestion to one skilled in the art to make a debit card system as claimed, from the Harris credit card system.

Credit and debit cards are well known. In accounting terms, debits are records of charges made against an account, as would be known to those skilled in the art of accounting and credit and debit card use. However, examiner has not shown any suggestion or teaching or reason to combine a discount credit card system with the Harris credit card discount system or how,

" . . . the prior art specifically contemplates a discount card system using a debit card,"

as recited in the claims on appeal. (See Answer, Page 12, lines 1 - 2).

The "Second," argument as made by examiner, refers to Harris, column 3, lines 7 -12, the last full paragraph of the Summary, for the asserted disclosure of a

"debit transaction for 100% of the purchase price and a credit transaction for the discount savings are recorded on the participants transaction card account statement."

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system using a debit card," is obvious. See Section III., above Standard of Review.

However, in the full context of column 3, lines 7 - 12, the disclosure is,

"[P]referably, during the settlement process of the present invention, both a debit transaction for 100% of the purchase price and a credit transaction for the discount savings are recorded on the participants transaction card account statement. The settlement process may preferably occur either as a direct on-line process or in batch mode."

Examiner erroneously concludes the foregoing is support for Harris' disclosure of a debit transaction, that Harris is not exclusively a credit process, and support is inherently provided that a "debit," transaction (as in the use of a debit card, explained above in Section IV. A), actually occurred. (See Answer, Page 12, lines 3 -10).

In accounting terms, as is well known to those skilled in accounting and in credit and debit card transactions, as shown in Harris in an accounting for a credit card transaction a required record is made of a debit charge on a card holder's account, for the amount owed. In Harris, in the completion of the credit card transaction, that "debit," accounting charge shows an accounting record of credit, in the money amount of the immediate purchase, as a loan to the card holder and which must be repaid at settlement. There is no debit card transaction, which is disclosed in Harris. Harris is a credit card transaction where the credit card balance given as a loan, is paid by the card holder at "settlement." (See fn.1) (See Harris, column 3, lines 7 – 12, recited above). A debit card transaction is a payment or transfer of the funds, to the recipient, by withdrawal from the debit card holder's account, in, and which completes the debit card purchase transaction. (See Barbara, Paragraphs 0009 – 0014).

Examiner has not shown, in the asserted disclosure of Harris, or the prior art, any articulated rationale, teaching, or suggesting, the elements of the claims on appeal, or anything more, or additional, than the Harris disclosure of the well known accounting process which is completed by,

1) paying the merchant with a loan from the credit card company to the card holder and

2) recording debit and credit record keeping entries in the respective accounting ledgers, for the credit card holder and the credit card company or bank, card provider.

The "Third," argument, as made by examiner, recites the well know data processing systems , for example as used by VISA, for identifying a card holder with an account and consistent with well known accounting conventions, of record keeping by a system of "debit," and "credit," ledger entries "against that particular transaction card account." See Answer, Page 12, lines 13 – 17.

Examiner cites Harris, column 3, lines 41 - 57, column 4, lines 7 - 40, column 5, lines 13 – 28, in support of the "Third," argument. (See Answer, page 12, lines 13 - 21 and Page 13, lines 1 - 6) However, what is described is initial payment of "100% of the purchase price," by "[T]he use of the conventional VISA® credit transaction system." This disclose in Harris offers no facts to suggest, teach, or lead, a person skilled in the art to convert the credit card system of Harris to the elements of the discount debit card system, as recited in the claims.

C. Reply to Answer, Part (10), subsection A. 2. Pages 13 - 14.

Examiner cites the disclosure of Pierce, column1, line 50 to column 2, line 14 and claims 1-7, and column 2, lines 15 -34.

This citation to Pierce, in the "Background," is limited to a problem in the prior art, created by the gap in communication between merchants and consumers, created by the VISA and Master, cards "structure." The problem or gap would prevent merchants identifying consumers with their goods/services, and presents to consumers, the problem of finding merchants offering discounts.

The citation to Pierce in the "Summary," is limited to the use of the Pierce system to identify and to offer to, "interested consumers," "value propositions that discount the merchants' goods and services."



Claims 1-7 are limited to identifying and offering to, qualified consumers, merchant discounts.

There is nothing in Pierce, which is limited to the process of identifying and offering discounts, which shows, teaches, or suggests, the recited and claimed discount debit system, wherein, as recited in claim 1,

said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

Examiner relies on the parts cited in Pierce, for the conclusion,

. . . Pierce teaches the use of merchant discounts, but that the prior art specifically contemplates such use within a bankcard system.

(See Answer, Page 14, lines 1 -2)

Examiner's reliance on "contemplates," is inadequate as an articulated reason, required by **KSR INTERNATIONAL CO., PETITIONER v. TELEFLEX INC. ET AL.** (See Section III., above), (See fn.3). The disclosed facts in the cited parts to Pierce, including the claims, are limited to the analysis of consumer purchases, the identification of consumers who would or might be interested in selected discount offers and the manner of offering those discounts. There is nothing in the Answer in the way of an articulated reason why Pierce would make any rejected claim, obvious.

Examiner cites in Pierce, column 13, lines 42 – 55, "support that refutes the Appellant's assertion that Pierce et al. is only limited to discounts within a credit system." (See

Answer, Page 14, lines 7 – 8)

Pierce, column 13, lines 42 – 55, is limited to a disclosed method of analyzing consumer purchases, the identification of consumers who would or might be interested in selected discount offers and the manner of offering those discounts. The attempted extension of Pierce to a debit card system, is limited to the disclosure of Pierce, of a system for 1) analyzing consumer purchases, 2) the identification of consumers who would or might be interested in selected discount offers and 3) the manner of offering those discounts, the same as stated above.

No where in the Answer is there any application of the cited Pierce disclosures to any recited claim element or any articulated reason supporting any conclusion Pierce “contemplates such use [of merchant discounts within a bankcard system.” Examiner has failed to show in Pierce, any articulated reason why the disclosure of column 13, lines 42 – 55, would show, teach, suggest, or would motivate, one skilled in the art to build a debit card discount system as recited in applicant’s claims. (See fn. 2).

D. Reply to Answer, Part (10), subsection A. 3. Pages 14 - 15.

To the extent, the answer relies on the Final Rejection, (see Answer, Page 14, lines 12 -15), Applicant restates the argument made in the Appeal Brief, the same as if made in its entirety, herein.

Examiner cites Pierce, column 1, line 50 through column 2, line 5, for the asserted teaching of Pierce, “. . . because it a flexible, cost effective method for potential consumers to access various merchants via a debit transaction processing system.” (See Answer, Page 14, lines 18 – 20)

Pierce, column 1, line 50 through column 2, line 5, is limited to a disclosure of consumer purchase data mining, particularly of how merchants may virtually cross the divide between merchants and consumers, created by card processing structures, for example, Master Card or VISA, to determine from consumer

purchases, what individual consumers are buying. The purposes is identifying consumers with their buying preferences, in a priority ordering, for the purpose of offering discount for future purchases.

However, there is no articulated reason why, or how, this Pierce disclosure would motivate any one to modify Harris to make the recited claimed invention of a discount debit card system, from the Harris disclosure of card holder data mining.

The Answer is not understandable as to what are the “two separate reasons . . .,” “. . . to combine on page 24 . . for combining Harris et al. and Pierce et al., when in fact they are both the same,” without a better identification of that relevant part of the Appeal brief, or how any statement made in the Appeal Brief is an articulated reason as required in KCR International. (See Answer, Page 14, lines 21 -22, and Page 15, lines 1 – 11.

While there is no clear statement of what examiner has in mind, applicant will address that part of the Answer following the reference to “page 24,” by the following statement.

The referral in KSR Int'l v. Teleflex, Inc., is to a “predictable result,” based on the teachings, suggestions, and motivation, available to one skilled in the art, from any source, including, but not limited to, the same field of use as the invention. However, Examiner has not shown any articulated reason why or how, the disclosure of Harris and Pierce, whether or not in the same field, would teach one skilled in the art to modify Harris with the disclosure as taught by Peirce to achieve the recited claimed invention of a discount debit card system.

Pierce does not teach the inventive discount debit card system. It is a limited data mining system, used for identifying consumers with their respective buying preferences. Modification of Harris in view of Pierce, at most, would achieve a system for using Harris to identify consumers with their respective buying

preferences.

No where in the Answer there any application of the cited Pierce disclosure in column 1, line 50 through column 2, line 5, to any recited claim element or any articulated reason supporting any conclusion Pierce by itself or combined with Harris provides "sufficient motivation to combine the analogous teachings of Harris and Pierce et al. and the rational given in the Final Rejection satisfies the criteria set forth in KSR Int'l Co. V. Teleflex." (See fn. 2).

E. Reply to Answer, Part (10), subsection A. 4. Pages 15 -16

General

1. Procedural History

In the Final Rejection, examiner rejected in groups,

- I. claims 10, 19, & 28, as equivalent to claim 1;
  - II. claims 11-15, & 17- 18, as equivalent to claims 2 - 6 and 8 - 9;
  - III. claims 29 -32, as equivalent to claims 2, 3, 6, & 6 (sic) respectively;
  - IV. Claims 35 – 36, as equivalent to claim 34; and
  - V. Claims 7, 16, & 33, "as unpatentable over Harris et al. in view of Pierce et al. as applied to claims 1-6, 8 -15, and 26-27, and further in view of Barbara."
- (See Final Rejection, page 7, lines 10 – 22, Page 8, lines 1 – 3. See Answer, Page 15, lines 12 – 22, and page 16, lines 1 – 6)

Part I.

Response to Answer, Page 16, lines 1-3

2. Examiner states,

" . . . Appellant was given two chances to argue the substance of the claims in each group rejection. Both times Appellant choose not to make an argument in rebuttal of the group rejection." (See Answer Page 16, lines 1-3)

3. Examiner's statement, as shown in Paragraph 2, above, i) assumes a fact not in evidence, and ii) is irrelevant to these proceedings.

4. 37 CFR §41.37 (c )(1)(vii), *Argument*, states, at R-281, 282,

For each ground of rejection applying to two or more claims, the claims may be argued separately or as a group. When multiple claims subject to the same ground of rejection are argued as a group by appellant, the Board may select a single claim from the group of claims that are argued together to decide the appeal with respect to the group of claims as to the ground of rejection on the basis of the selected claim alone. Notwithstanding any other provision of this paragraph, the failure of appellant to separately argue claims which appellant has grouped together shall constitute a waiver of any argument that the Board must consider the patentability of any grouped claim separately. Any claim argued separately should be placed under a subheading identifying the claim by number. Claims argued as a group should be placed under a subheading identifying the claims by number. A statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim.

(Underlining added)

5. It was examiner, not applicant/appellant who "grouped claims," and has argued claims as a group. (See Paragraph 1. above, Procedural History) Applicant has not grouped claims and Applicant is not under any burden to argue claims as group or separately or must or does Applicant " . . . [waive] any argument that the Board must consider the patentability of any grouped claim separately." See Paragraph 4, above)

6. Appellant may not be required to present a rebuttal beyond the boundary of the Final Rejection. (See Paragraphs 1 & 5, above).

7. Appellant's Appeal Brief met the specific rejection for each claim, (See Paragraph 6, above), in the exact terms presented by examiner in the Final Rejection. (See Appeal Brief, Section (VII.), subsection C, Part 2.0.<sup>5</sup>

8. There is no waiver of applicant's right to have the Board consider the patentability of each claim separately.

## Part II.

Response to Answer, Subsection A. 4, Page 15, lines 12 – 22, Page 16, lines 1 -3

### Introduction

Examiner's rejection of claims as a group fails the substantial evidence Standard of Review, and should be vacated.

The rejections made for claims 1, 10, 28, 11-15, 17-18, 29-32, and 35 -36 (corrected from "25 - 36"), are made on the grounds given for rejecting what examiner states are "equivalent claim limitations," to other rejected claims. (See Answer, Page 15, lines 12 – 22. Examiner has made no rejection of the recited claim elements of these above identified claims on of these above claims, on the disclosures of Harris or Pierce or Barbara.

Rejection of claims based on rejection of what examiner states are "equivalent limitations in other rejected claims," fails the requirement for substantial evidence as the Standard for Review. (See Appeal Brief, VII. Argument, A. The Law, See above Section

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<sup>5</sup> The burden for rejecting the patentability of an invention is on the examiner. 35 U.S.C. 102 states "a person shall be entitled to a patent unless - ,," and then lists the grounds available for denial of a patent. Where an invention passes the test for patentability under 35 U.S.C. 102, the burden on examiner under 35 U.S.C. 103 is to demonstrate "the subject matter as a whole would have been obvious . . ."

III. Standard of Review). There is no evidence given by examiner to demonstrate the recited claim elements, stated as “equivalent,” have the same equivalent functions, way of operation, or result. There is no evidence given by examiner to demonstrate the disclosures of Harris, Pierce, or Barbara, disclose, teach or suggest, the recited elements in the above claims 1, 10, 28, 11-15, 17-18, 29-32, and 35 -36 (corrected from “25 - 36”).

Examiner's identification of groups of claims as “equivalent,” to other unrelated claims, without substantial evidence demonstrating any equivalent relationship, or how Harris, Pierce or Barbara, may be applied to each of the claims in the respective examiner identified groups, fails the substantial evidence Standard of Review.

A.

Response to Answer Rejection of Claims 1, 10 and 28<sup>6</sup>

9. The rejection of claims 1, 10, & 28, rejected, as a group, or individually, on the grounds these claims are equivalent to claim 1 and rejected using the same art and rationale (as applied to claim1), fails,

i) the Substantial Evidence Standard of Review, set forth in IN RE SANG-SU, LEE 277 F.3d 1338 (Fed. Cir. 2002), and

ii) the requirement there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, set forth in KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL. 527 U.S. 150.

10. Examiner applies the grounds of the rejection of claim 1, for the group rejection of

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<sup>6</sup> The rejection of claims 10 and 28, a method claim and means plus function claim, respectively is based on an asserted “equivalency,” to claim1and the application of examiner's rejection of claim 1, to claims 10 and 28. However, there is no disclosure of Harris, Pierce, Barbara, to claims 10 or 28 or any facts of claim 1 elements or any rationale providing an articulated reason why or how the elements recited in claims 10 or 28 are equivalent to claim 1 or disclosed or made obvious, in, or by, Harris, Pierce, or

claims 10 and 28.<sup>7</sup>

11. Claim 1, recites, in part,

a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard;

a participating merchant terminal;

said merchant terminal responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal;

said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

12. Claim 10 is a method claim and recites, in part,

connecting into a telecommunications network a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with

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Barbara.

<sup>7</sup> Claim 19 was cancelled in the response to the first Office action was not rejected in the Final Rejection's, Office Action Summary. Claim 19 was rejected in the Office action. (See Final Rejection, Page 7, lines 10 – 11) There is no claim 19 in the Appeal Brief, Claims Appendix. There is no claim 19 in the Answer. Claim 19 is not in this appeal.



a discount debit plan provider's authorized eCard, and

transmitting said transaction data to said discount debit plan provider's terminal from said merchant terminal, responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder; responsive to said transaction data, crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

Claim 28 is a means plus function claim, reciting in part,

Means for storing and for processing data indicative of a discount debit card plan;

said means for storing and processing data indicative of a discount debit card plan, for processing said transaction data for said transaction with said eCard holder and said participating merchant, including a transaction amount, said participating merchant identifying data, and said eCard holder data;

said means for the transmission and reception of data for connecting said means for storing and for processing data indicative of a discount debit card plan and said means for storing participating merchant identifying data, for transmission of said transaction data to said means for storing data and for processing data, indicative of a discount debit card plan;

said means for storing and for processing data indicative of a discount debit card plan for crediting a participating merchant's account with a participating merchant's discounted amount represented by said transaction amount reduced by a participating merchant discount, and for

debiting said eCard holder's account with an eCard holder's discounted amount represented by said transaction amount reduced by an eCard holder discount.

13. The argument provided in the Appeal Brief for claim 1, is substantially repeated in the Reply, the same as if repeated herein in its entirety, herein in rebuttal for the rejection of each of the claims 1, 10 and 28, as given in the Final Rejection and Answer, as follows,

- a) Harris, col. 3, lines 7- 12, 41 - 65, col. 4, lines 4- 40, as cited by examiner, is limited to a "discount credit system," and does not disclose or teach, anything related to a discount debit system, or a "discount debit card plan", as recited in the claims. The "debits," relied upon by examiner, are record keeping accounting entries made for the transaction, states as "recorded on the participant's transaction card account statement." (See Harris, column 3, lines 7 – 12). The "debit transaction," relied upon by examiner, is limited to the "settlement process," in a credit card transaction (see column 2, lines 17 – 28), where the loan to the card holder for the purchase is settled when the card holder's loan is repaid to the credit card provider.

(See Final Action, Page 3, lines 1 -3, See Answer, Page 12, lines 7 – 24, Page 13, lines 1 -3)

- b) Harris, col. 5, lines 13 - 28, as cited by examiner, is limited to a "discount credit system," and does not disclose or teach, anything related to a discount debit system, or a "discount debit plan, as recited in the claims. The Harris "VISA" example given for a conventional credit transaction network is disclosed as " a convenient mechanism for debit, credit, and settlement transactions to be processed among the financial institutions associated with a discount credit system." Harris is disclosing using a "credit card system," using VISA as an example of a system

platform. Harris does not teach or suggest any reason or basis for using the VISA credit card system to make the invention recited in claims 1, 10, or 28.

(See Final action, Page 3, lines 6 – 9. See Answer, Page 12, line 20 to Page 13, line 3)

c) Harris, col. 2, lines 18 -28, as cited by examiner, is limited to a "credit system," and does not disclose or teach, anything related to a discount debit system, or a "discount debit plan," as recited in the claims.

(See Final action, Page 3, lines 10 -13)].

d) Harris, col. 1, lines 35 - 45, 41 – 67, as cited by examiner, is limited to a "credit transaction network system," and does not disclose or teach, anything related to a "discount debit plan provider terminal," or a discount debit card system, as recited in the claims.<sup>8</sup>

(See Final action, Page 3, lines 14 – 17, See Answer, Page 11, lines 13 – 21, Page 12, lines 1 - 2).

e) Harris, col. 5, lines 63 through col. 6, line 37, as cited by examiner, is limited to "discount authorization processor, 17, within the confines of a "credit card system. [See Harris, col. 6, lines 7 - 17]. Harris does not disclose or teach, anything related to a "discount debit plan provider terminal," or a discount debit plan, as recited in the claims.

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<sup>8</sup> The comparison to an "ATM machine does not disclose the claimed invention. An ATM is limited to dispensing cash. The ATM does not deal in discounts for debit card purchases. Any disclosure of credit card use which "eventually," results in a recorded "debit," [see Answer, page 11, lines 20 – 21], is limited to the credit card process starting with a 3<sup>rd</sup> party loan to the card holder and the accounting process of record keeping. This disclosure of the accounting process for transactions records, does not disclose the claimed invention of a "discount debit card system using a connecting into a telecommunications network a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard."

(See Final action, Page 3, lines 18 -21, Page 4, lines 1 -2.)

f) Harris, col.11, lines 50 -53, as cited by examiner, is limited to recording "transactions," within a convention credit system and credit card network. Harris does not disclose or teach, anything related to a "discount debit plan provider terminal," or a discount debit plan, or "debiting said eCard holder's account with said eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount."

(See Final action, Page 4, lines 3 -8.)

g) Harris, col. 3, lines 41 -57, col. 4, lines 7- 40, is limited to the description of a credit card system, for example VISA, as described therein. Any description of "purchases," "debited against that particular transaction card account," is limited to the well known accounting convention for keeping records of the transaction and does not disclose the claimed invention of a discount debit card system or the discount debit plan provider terminal, recited in the claims.

14. Pierce, cited with Harris, is limited to a credit card system for identifying credit card user preferences through an analysis of their respective purchase history. Then, discount offers are made to the credit card users related to their respective purchase histories. The disclosure of Pierce is limited to consumer preference data mining to determine consumer preferences through their respective purchase history and to offer discounts for use in credit transactions. Pierce does not disclose the recited claimed invention or teach or suggest how Harris may be modified to incorporate a discount debit card system, as recited in the article claim 1, or in the recited steps or method claim 10, or in the recited means plus function elements of claim 28, of a "discount debit plan provider terminal," or a "discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard."

Pierce is limited to a discount originated at the merchant terminal and within a credit card system.<sup>9</sup> As disclosed for all credit card transactions, the credit card purchase is completed with a loan to the card holder for the payment of the purchase price by the credit card company and the record keeping entry appearing on the card holder's next statement. There is nothing in the disclosure or Pierce that shows or teaches how to modify, or the advantages of modifying, Harris by using the disclosure of Pierce to produce the claimed recited invention of a discount debit card system, with the claimed recited,

"discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard," or

"said means for storing and for processing data indicative of a discount debit card plan for crediting a participating merchant's account with a participating merchant's discounted amount represented by said transaction amount reduced by a participating merchant discount, and for debiting said eCard holder's account with an eCard holder's discounted amount represented by said transaction amount reduced by an eCard holder discount."

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<sup>9</sup> Pierce discloses in col. 3, lines 42 – 59, that "[T]hrough an automated process, consumers receive notification of the value propositions available to them along with the pertinent information: discount amount, minimum or maximum purchase (if applicable), maximum discount amount (if applicable), and expiration date. The redemption of the value propositions is automatic when the consumer uses his or her credit card at the merchant/service providers establishment. No coupon is provided or required. The purchase transaction is processed through the merchant/service provider's acquiring institution where the discount is applied. The original purchase transaction along with the discount transaction is sent to the consumer's issuing financial institution where it is processed and recorded on the consumer's next statement. The purchase and the discount transaction are also provided on the merchant's next statement by its acquiring institution.

The Pierce limited reference to “debit cards,”<sup>10</sup> without any other suggestion or teaching or explanation of how to modify the credit card system of Harris or the advantages of modifying the credit card system of Harris, using the teachings of any Pierce, Barbara, or any other reference, to meet the recited claimed elements of the invention, is not the articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, set forth in KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL. 527 U.S. 150.

See Pierce, col. 1, line 50 through col. 2, line 14, col. 2, lines 15-67, col. 3, lines 1-60, col. 13, lines 42 – 55). (See Answer, Page 13, lines 13 – 21, Page 14, lines 1-22, Page 15, lines 1 -8.)<sup>11</sup>

With reference to the Final action, Page 4, lines 12 - 22, to Page 5, lines 1-4, and the Answer, Pages 13 -15, there are no facts or reasons, provided in, or associated with Pierce or Harris, or otherwise shown by examiner to have been known to those skilled in the art, that would make obvious to one skilled in the art to adapt or modify or change the Pierce targeted offers to credit card holders with credit card accounts and Harris discounts given for credit card transactions, to the recited claimed system, method, and means for,

- 1) a debit discount plan,
- 2) for use in a debit transaction,
- 3) using a debit card,
- 4) through a debit discount provider processor,
- 5) to apply a discount to a debit card transaction,

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<sup>10</sup> Pierce discloses in col. 13, lines 42 – 55 “[T]his detailed description is of an embodiment of the invention in a credit card processing environment. . . . Such variations or modifications are intended to be encompassed within the scope of any claims to patent protection issuing upon this invention..”

<sup>11</sup> The reference to Pierce, claims 1-7 (see Answer, Page 13, line 17, discloses a consumer data mining method for participating consumers who are qualified based on a prioritization of discount offers using a prioritization function of expected transaction volume, total discount, and total purchase amount. There is nothing in these claim disclosing ,teaching, or suggesting, the recited claimed invention.

6) made through a telecommunications network connecting said discount debit plan provider terminal and said merchant terminal for transmitting data between said terminals,

and wherein

7) said merchant terminal responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal; and

8) said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

15. The reason given for combining Harris and Pierce (see Final Action, Page 4, lines 12 to 22 and Page 5, lines 1 -4, see Answer, Page 13, line 13 to Page 15, line 11), in particular that Pierce,

"...discusses the desire for merchants to find consumers interested in their products or services and the desire for consumers to have products or services they want or need at discount prices. . . ." <sup>12</sup>

does not provide any reasons in support of the conclusion, given in the Final Action, as,

"Therefore, it would have been obvious to one of ordinary skill in

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<sup>12</sup> A "discussion of a desire," without disclosing any rationale for combining anything disclosed in Pierce with anything disclosed in Harris, does not meet the Standard of Review requiring an articulated reason with supporting relevant facts.

the art at the time the invention was made to modify Harris et al. to include a merchant discount for participation in a discount debit card system as taught by Pierce et al. in order to create a flexible, cost effective method for potential consumers to access various merchants."

16. The rationale given in the Final Action does not satisfy any of the criteria given in **KCR INTERNATIONAL, CO.** In particular, it does not, explain how the combination of Harris and Pierce,

1. Is a combination of familiar elements according to known methods is likely to be obvious because it does no more than yield predictable results. The Final Rejection and the Answer, has no showing or teaching, that the asserted combination of Harris and Pierce will operate in an equivalent or predictable or the same way, or with equivalent or predictable or same results, and with the equivalent or predictable or same functions, as the claimed invention.

2. Whether or how, the claimed invention was available in the same or a different field and where design incentives and other market forces did prompt or had prompted variations of the invention in the same field or in another field.

3. How a person of ordinary skill in the art can implement a predictable variation, and would see the benefit of doing so.

4. How the inventive technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the same inventive technique.

5. How the improvement is more than the predictable use of prior-art elements according to their established functions.

6. Whether there was an apparent reason to combine the known elements in the way a patent claims, for example to look to interrelated



teachings of multiple patents; to the effects of demands known to the design community or present in the marketplace; and to the background knowledge possessed by a person having ordinary skill in the art.

7. How any analysis of obviousness is made explicit by articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.

17. Applicant's reply to the rejection of method claim 10 and means plus function claim 28, is substantially as given for claim 1 and repeated separately for each claim. The members of the Board, having read recitations for claims 10 and 28 and the Appeal Brief argument and Reply response to the rejection of claim 1, should vacate the rejections to claims 1, 10 and 28.

B.

Response to Answer Rejection of Claims 11 – 15 and 17 – 18<sup>13</sup>

18. The rejection of claims 11-15 and 17-18, rejected as a group or individually, on the grounds these claims are equivalent to claims 2 – 6 and 8 -9, and rejected using the same art and rationale (as applied to claim1), fails,

i) the Substantial Evidence Standard of Review, set forth in *IN RE SANG-SU LEE* 277 F.3d 1338 (Fed. Cir. 2002), and

ii) the requirement there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, set forth in *KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL.* 527 U.S. 150.

19. Claims 11-15 and 17 – 18, were rejected as reciting equivalent limitations to

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<sup>13</sup>The Answer applied *Harris* and *Pierce*, only generally to Claims 1, 10 and 28, except for *Harris*, column 1, line 50 to column 2, line5 (See Answer,, Page 14, line 9 to Page 15, line 11) and applied the grounds of rejection for claims 1, 10, and 28, to claims 11 - 15, 17- 18, 29 – 32 and 35 – 36 (See Answer, Section 4, Page 15, line 12 to Page 16, line 3.

claims 2- 6 and 8- 9. (See Final Rejection, Page 7, 12 – 14). In the Answer, Harris was applied to Claims 1, 10, & 28, and dependent claims 2-6, 8-9, 11-15, 17-18, 29-32, & 34 -36, without stating in particular, which of the cited respective portions of Harris were applied to any of the respective claims. Pierce was applied to claims 1, 10, and 28, only. (See Answer, page 11, lines 7 – 9, Page 13, line 7 to Page 15, line 11.) Applicant applies the argument given in this Reply for claims 1, 10 and 28, the same as if repeated herein in its entirety, to claims 11-15 and 17- 18. Pierce was applied to claims 1, 10, and 28, only. (See Answer, page 11, lines 7 – 9, Page 13, line 7 to Page 15, line 11.) Applicant applies the argument given in this Reply for 1, 10 and 28, the same as if repeated herein in its entirety, to claims 11 -15 and 17 – 18.

20. Claim 11 recites, [T]he method of claim 10, including the steps of, crediting a difference between said participating merchant's discount and said eCard holder's discounted amount as at least one fee to said discount debit plan provider or its affiliates.

Harris, col. 8, lines 42 - 52, describes the periodic settlement process in a credit card system, as is well known. It does not describe the recited method steps of the discount debit plan provider's terminal or that a fee is provided from the difference between the participating merchants discounted amount and said eCard holder's discounted amount.

21. Claim12, recites [T]he method of claim 10, including the steps of, responsive to said transaction data, crediting said merchant and debiting a source account of fungible funds for the amount credited to said merchant and replenishing said source account from at least a part of said amount debited to said eCard holder's account.

Harris, col. 8, lines 29 - 41, the operation of a conventional credit card system. Harris has no disclosure of a debit card system or a discount debit card system or a discount

debit plan provider's terminal responsively debiting a source of fungible funds or replenishing said source account as recited, by the operation of a debit system.

22. Claim 13 recites [T]he method of claim 12, wherein said step of debiting of said source account is made without identification of a respective eCard holders funds placed in said source account.

Harris, col. 8, 29 - 33, discloses that when payment is periodically made in the disclosed credit card system, the funds are withdrawn from an "umbrella account." (See Harris, col. 8, lines 19 - 33). However, the payment is made within the credit card system and as a credit card loan and not as a debit to the account of the discount debit card holder. (See Harris col. 8, lines 19 - 32).

23. Claims 14 recites [T]he method of claim 10, including the step of including within an eCard, data related to said discount debit card plan; and transmitting to said discount debit plan provider's terminal, merchant identifying data for entry into said discount debit plan provider's terminal.

Harris, col. 2, lines 18 - 28 and col. 6, lines 38 through col. 7, line 67, describe the accounting process of accounting for the transaction in a conventional credit transaction network (See col. 7, lines 11 -19). Harris does not show an "eCard with data related to the discount debit card plan, or responsive to the eCard, transmitting merchant identifying data for entry into the discount debit plan provider's terminal.

24. Claim 15 recites [T]he method of claim 14, including the steps of including within said eCard, sample transaction data; transmitting from said merchant's terminal, data indicative of said sample transaction, receiving at said discount debit plan provider's terminal said data indicative of said sample transaction; and responsive to said data indicative of said sample transaction, denying said the participating merchant credit for

said sample transaction.

Harris, col. 9, lines 9 -47, and col.10, lines 46 - 54, describes a conventional credit card system and method for verifying a credit card as authorized for the transaction. As shown in Harris and as well known by those skilled in the art, the credit card transaction in Harris is canceled or denied where the credit card is invalid or the transaction amount is over the credit card limit. Harris does not show the recited discount debit plan provider's terminal registering the merchant responsive to the merchant identifying data recited in claim 15, as," responsive to said data indicative of said sample transaction, denying said the participating merchant credit for said sample transaction."

25. Claim 17 recites [T]he method of claim 10, including the steps of connecting said discount debit plan provider's terminal to said participating merchant through an eCard company terminal; and transmitting said transaction data to said discount debit plan provider's terminal from said eCard company terminal.

Harris does not have or disclose a "discount debit plan provider terminal." The Final action acknowledged that omission from Harris on Page 4, lines 8 -12. Harris, Fig. 1, signals 24, 25, represent the processing of a conventional credit card transaction network and do not disclose the claimed discount debit transaction of claims 10 and 17.

26. Claim 18 recites [T]he method of claim 17, including the steps of transmitting data authorizing said transaction to said participating merchant's terminal, responsive to said transaction data from said participating merchant's terminal.

Harris does not show the recited claim elements of parent claim 17, and in particular the data transaction data to and from the discount debit plan provider's terminal.

27. The references to Pierce (see Answer, Page 13, lines 11 – 21 and Page 14, 1- 8, is limited to analysis of consumer purchases to determine preferences and offer discount coupons for future purchases. Pierce does not show or disclose the inventive claimed system of a discount debit card including a discount debit card processor, or how the discount coupon system of Pierce “. . . may be used in any other payment transaction processing system, including . . . debit cards . . .”.<sup>14</sup> The rejection must be supported by articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, set forth in KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL. 527 U.S. 150. “Completed,” without an articulated reason for “contemplation,” does not meet the Standard Of Review.

28. The rejection of Claims 11 – 15 and 17-18, should be vacated.

C.

#### Response to Answer Rejection of Claims 29 -32

29. The rejection of claims 28 -32, rejected as a group or individually, on the grounds these claims are equivalent to claims 2,3,6 & 6(sic),<sup>15</sup> and rejected using the same art and rationale (as applied to claims 2-3, 6 & 6 (sic)), fails,

i) the Substantial Evidence Standard of Review, set forth in IN RE SANG-SU LEE 277 F.3d 1338 (Fed. Cir. 2002), and

ii) the requirement there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, set forth in KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL. 527 U.S. 150.

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<sup>14</sup> A rejection of the claimed invention for a discount debit card system, cannot be rationally built on Pierce’s “discounts,” as “. . . contemplat[ing] such [discount] use within a [discount debit] bankcard system. (See Answer, Page 14, lines 1 – 2)

<sup>15</sup> Claims 29 - 32, were rejected in the Final Rejection (see Final Rejection, Page 7, lines 15 – 16). These grounds of rejection were rebutted in the Appeal Brief. Applicant relies in that Appeal Brief rebuttal. The Answer does not address claims 1 – 6, or provide any grounds for rejection of claims 29 – 32, except for the general rejection to all claims, on Page 11, lines 4 -10, in the Answer.

30. The Reply response given herein for the ground of rejection given for claim 28, the parent claim to claims 29 – 32 and 35 -36, is restated herein, the same as if repeated in its entirety.

Claims 29 – 32 were rejected as reciting equivalent limitations to claims 2- 3, 6 & 6(sic). (See Final Rejection, Page 7, lines 15 -16). That ground of rejection was rebutted in the Appeal Brief. Applicant applies the argument given in the Appeal Brief for vacating the rejection of claims 2 -3, 6 & 6 (sic), the same as if repeated herein in its entirety. Pierce was applied to claims 1, 10, and 28, only. (See Answer, page 11, lines 7 – 9, Page 13, line 7 to Page 15, line 11.) Applicant applies the argument given in this Reply for claims 10 and 28, the same as if repeated herein in its entirety, to claims 29 -32.

31. Claim 29, dependent from means plus function claim 28, recites [T]he system of claim 28, wherein said means for storing and for processing data indicative of a discount debit card plan includes means for crediting a difference between said participating merchant's discounted amount and said eCard holder's discounted amount.

Harris, col. 8, lines 42 - 52, describes the periodic settlement process in a credit card system, as is well known. It does not describe the recited discount debit plan provider's terminal or that a fee is provided from the difference between the participating merchants discounted amount and said eCard holder's discounted amount.

32. Claim 30 recites [T]he system of claim 29, wherein, said means for storing and for processing data indicative of a discount debit card plan includes means for crediting said participating merchant account from a source of fungible funds.

Harris, col. 8, lines 29 - 41, the operation of a conventional credit card system. Harris

has no disclosure of a debit card system or a discount debit card system or a discount debit plan provider's terminal responsively debiting a source of fungible funds or replenishing said source account as recited, by the operation of a debit system.

33. Claim 31. recites [T]he system of claim 28, including means for storing sample transaction eCard holder identifying data, said means for storing and for processing data indicative of a discount debit card plan, for processing sample transaction data for a sample transaction with said sample eCard holder and said participating merchant.

Harris, col. 9, lines 9 -47, and col.10, lines 46 - 54, describe a conventional credit card system and method for verifying a credit card as authorized for the transaction. As shown in Harris and as well known by those skilled in the art, the credit card transaction in Harris is canceled or denied where the credit card is invalid or the transaction amount is over the credit card limit. Harris does not show the recited discount debit plan provider's terminal registering the merchant responsive to the merchant identifying data recited in claim 5, as,

"merchant identifying data for entry into said discount debit plan provider's terminal."

34. Claim 32. recites [T]he system of claim 31, wherein said means for storing and for processing data indicative of a discount debit card plan, includes means to deny the said participating merchant, credit for said sample transaction.

See reply to claim 31 above. Harris' conventional credit card system does not show or disclose the registration of the Merchant by its identifying data and the denial of a credit transaction. The members of the Board, having read recitations for these claims and the Appeal Brief argument and Reply response thereto, should vacate the rejections to these separately presented claims and respective reasons therefore.

36. The discussion herein, made in reply to the grounds for rejection of claims 1, 10 and 28, of Pierce, by itself, and Pierce and Harris, demonstrate there is no disclosure in Harris or Pierce, or Harris combined with Pierce, to teach or suggest or motivate any combination thereof to make the recited claimed invention in Claim 28 to 36 Examiner has not provided any articulated rationale to support any conclusion of obviousness.

D.

Response to Answer Rejection of Claims 35 -36<sup>16</sup>

35. The rejection of means plus function claims 35 -36, rejected as a group or individually, on the grounds these claims are equivalent to claim 34, and rejected using the same art and rationale (as applied to claim 34), fails,

i) the Substantial Evidence Standard of Review, set forth in *IN RE SANG-SU LEE* 277 F.3d 1338 (Fed. Cir. 2002), and

ii) the requirement there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness, set forth in *KSR INTERNATIONAL CO., PETITIONER v TELEFLEX INC. ET AL.* 527 U.S. 150.

36. Claims 35 and 36 recite,

For claim 35, [T]he system of claim 34, wherein said means means for replenishing said source of fungible funds, includes means for debiting said eCard holder account.

37. For claim 36, [T]he system of claim 29, wherein said means for storing and for processing data indicative of a discount debit card plan, includes means for debiting said eCard holder account.

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<sup>16</sup> Answer, Page 15, lines13, identifies in error claims “25 – 36.” The corrected claims are 35 - 36, as identified in the Final Rejection, Page 7, lines 21 -22, as “equivalent to claim 34.”



38. Claim 34 is dependent from 30, and recites,

. . . including means for replenishing said source of fungible funds from at least a part of said eCard holder's discounted amount.

Harris, col. 8, lines 34 -41, discusses an umbrella account. and replenishing the umbrella account, in a credit card transaction. As described in Harris, the amount of the transaction is withdrawn from or paid by, the membership account issuing bank and paid to the merchant bank. There are no articulated facts or reasons why the credit card system " umbrella," membership bank account or merchant bank account ,of Harris should be applicable to the debit discount card system of claim 34, dependent from claims 28, 29, and 30, wherein the funds paid for the transaction from the source of fungible funds are replenished from at least a part of the eCard holder's discounted amount. Examiners facts or reasons are not made known and applicant is denied any basis for argument.

39. Claims 35 and 36, recite "debiting said eCard holder account." The process of debiting the eCard holder account is explained herein above in [Section IV.Reply to Answer Part (10) Response to Argument, A. Debit Card Payment Systems Compared to Credit Card Systems, pages 2 – 5].

40. Claims 35 and 36, are dependent from claims 34<sup>17</sup> or 30 and each from claim 28, reciting,

said means for storing and for processing data indicative of a discount debit card plan for crediting a participating merchant's account with a participating merchant's discounted amount represented by said transaction amount reduced by a participating merchant discount, and for debiting said eCard holder's account with an eCard holder' discounted amount represented by said transaction amount reduced by an eCard

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<sup>17</sup> The Answer did not include any new ground of rejection for claim 34.

holder discount.

(Underlining added)

Harris and Pierce, do not show or disclose a means for “debiting said eCard holder’s account,” as recited in claim 28, “by said transaction amount reduced by an eCard holder discount.” The limit of Harris and Pierce are accounting entries, made to record the payment to the seller, the payment by the credit card company or bank and a loan to the credit card holder. There is no means for debiting the eCard holder’s account, as recited in claim 28 or as recited in claims 35 and 36 “means for replenishing said source of fungible funds, includes means for debiting said eCard holder account,” and “means for storing and for processing data indicative of a discount debit card plan, includes means for debiting said eCard holder account.”

41. The Reply response given herein for the ground of rejection given for claim 28, the parent claim to claims 29 – 32 and 35 -36, is restated herein, the same as if repeated in its entirety. The discussion herein in reply to the Answer’s grounds of rejection of claims 1, 10, and 28, of Pierce, by itself, and Pierce and Harris, demonstrate there is no disclosure in Harris or Pierce, or Harris combined with Pierce, to teach or suggest or motivate any combination thereof to make the recited claimed invention in Claim 28 to 36. Examiner has not provided any articulated rationale to support any conclusion of obviousness.

F. Reply to Answer, Part (10), subsection B. 5 & 6, Pages 16 and 17

42. The rejection of claims 7, 16, and 33, based on the disclosure of the process or means for registering a merchant in a credit card system, for example Harris, or in a direct payment system, for example Barbara, does not address or demonstrate the disclosure of the elements of claims 7, 16, and 33, reciting in claim 7,

said discount debit plan provider's terminal, responsive to said merchant identifying data, registers said merchant as said participating merchant in said discount debit card plan,

or in claim 16, reciting,

the step of registering said merchant as a participating merchant in said discount debit card plan, responsive to said merchant identifying data

or in claim 33, reciting,

means for storing and processing data indicative of a discount debit card plan, includes means for processing said sample transaction data for registering said merchant as a participating merchant in said discount debit card plan.

43. There is no substantial evidence or articulated reason given with Examiner's assertion, that "it would have been obvious," <sup>18,19</sup> that Harris, Pierce, and Barbara "teaches the limitation of registering said merchant in said discount debit card plan," (Examiner's assertion fails to meet the substantial evidence requirement for the Standard of Review and should be vacated.

44. Electronic commerce can be used to make payments, by credit or debit cards. However, Examiner's statement about "Harris, Pierce, and Barbara, disclose systems and methods to make payments using electronic commerce," is not shown as relevant

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<sup>18</sup> In Section B, Paragraphs 5 -7 (see Answer Page 16 – 18), the grounds of the Final Rejection are mentioned generally, without any articulated reason to support the conclusions "it would have been obvious," or "to combine," (See Answer, Page 17, lines 5 – 6, 12 – 14, 21 – 22),

<sup>19</sup> Barbara, in Para. 15, stating "[I]t is a further feature and advantage of the present invention to provide a method and system for performing an on-line transaction that employs a quick enrollment process," does not provide any articulated reason for combining Barbara with Harris and Pierce to meet the recited claim elements of claims 7, 16 and 33,

to the disclosure or teaching or suggestion of the recited claimed elements in claims 7, 16, and 33, and does not prove or show the claims are novel or obvious.

45. Examiner has repeated the conclusion "it would have been obvious," but has not provided an articulated reason for combining Harris, Pierce and Barbara, the form of the recited claimed invention. Examiner does not show how the combination of the elements of Harris, Pierce and Barbara would have been obvious in the discount debit card system as recited in the claims.

(see Answer Page 16, line 7 to Page 18, line 2)

46. The Answer does not provide any articulated facts of Harris, Pierce or Barbara, with reasons, as applied to claims 7, 16, or 33, why or how,

a) "Barbara . . . in conjunction with Harris et al. and Pierce, . . . teaches the limitation of registering said merchant in a discount debit card plan (see Answer, Page 16, lines 16 – 19) or,

b) why or how "[T]he teachings of Harris are analogous to the teachings of Pierce and Barbara," because of disclosed "systems and methods for electronic commerce," (See answer Page 17, lines 1 -5), or

3) why or how " . . . it would have been obvious . . . to combine . . . Harris and Pierce with registering a merchant using predefined parameters in a payment system as taught by Barbara because it provides a quick enrollment process," (see fn. 19)

(See Answer, Page 17, line 22 to Page 18. Line 2)

G. Reply to Answer, Part (10), subsection B. 7, Page 18

47. Examiner states claims 16 & 33 are equivalent to claim 7. However, claim 7 is an article claim, claims 16 is a method claim, and claim 16 is a means plus function claim.

Examiner has provided no evidence these claims operating in different ways, would be "equivalent." Examiner's assertion of "equivalence," fails to meet the substantial evidence requirement of the Standard of Review and should be rejected.

48. Examiner notes "Appellant was given two chances to argue the substance of the claims in this group rejection. Both times Appellant choose not to make the argument in rebuttal of the group rejection." (See Page 18, lines 11 -13)

49. The "group rejection," for claim 16 & 33, as made by examiner in the Final action, is,

Claims 16 & 33 recite equivalent limitations to claim 7, and are therefore rejected using the same art and rational as set forth above.

(See Final action, Page 9, lines 4 – 5).

50 Examiner's statement, as shown in Paragraph 47, above, i) assumes a fact not in evidence, and for that reason, ii) is irrelevant to these proceedings.

51. Applicant's reply is repeated here in its entirety, the same as stated above in E. Part I., Pages 12 – 13.

It was examiner, not appellant that "grouped claims," and has argued claims as a group. Applicant has not grouped claims and Applicant is not under any burden to argue claims as group or separately or "... [waive] any argument that the Board must consider the patentability of any grouped claim separately."

52. Appellant may not be required to present a rebuttal beyond the boundary of the Final Rejection. (See fn. 4, Page 13, above.)

53. Appellant has not grouped claims 16 and 33.<sup>20</sup> Applicant has presented claims 16 and 33, as separate claims and not as "grouped claims." Applicant has argued for the patenting of claim 16 and claim 33, as separate respective claims, on the basis of the claim 7 rejection applied by examiner to claim 16 and to claim 33. Examiner has grouped claims 16 and 33, on his own and not in response to applicant.

54. Applicant's obligation is to respond to the rejection full argument given for the individual claims 16 & 33, rejection. That full argument to the Final Rejection is a restatement in its entirety to the rejection given for claim 7. (See Final action Page 9, lines 4 -5). (See Appeal Brief Section VII, ARGUMENT, Subsection C. Claims 7, 16 and 33). Applicant has applied the same grounds argued for rebutting Claim 7, to rebut the same grounds as applied by examiner for claim 7, for the rejection of each of the individual claims 16 and 33, and to the grouped claims 16 & 33. Applicant is not required to argue beyond the grounds applied by examiner (see fn.4)

55. The Final Rejection and the Answer, have asserted and stated, elements of a discount debit card system are disclosed in Harris, in Pierce, or in Barbara, or that the disclosures of Harris, Pierce, or Barbara, teach or suggest or would motivate one skilled in the art to combine the asserted and stated elements to make the inventive combination of elements, as recited in the claim of this application. These assertions were stated generally, for respective asserted disclosures in Harris, Pierce, or Barbara , without reference to any identified disclosure by column and line number or with particular reference by stated columns and line numbers, in Harris, Pierce, and Barbara.

These general disclosures, given as opinions or conclusions, without any substantial evidence of facts or reason in support, or reference to any particular referral to Harris, Pierce, or Barbara, by column or line number, or paragraph numbers, are in the Answer,

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<sup>20</sup> Applicant has not grouped claims. Applicant has separately argued each claim as a respective and individual claim Examiner has grouped claims on his own discretion. Applicant is not bound by examiner's discretionary grouping, made in an attempt to

as follows.

1) On Page 15, lines 2 -11, the Answer states that it would have been obvious to modify Harris with Pierce to include known features of discount debit card systems with merchant discounts. However, the statement does not provide any fact support for the statement Pierce discloses merchant discounts, or what the merchant discount system, if any, of Harris or Pierce is, or why or how the combination of Harris and Pierce, is taught or suggested, in a way that makes the recited claim elements obvious.

2) On Page 15, lines 16 - 22, the Answer states claims 10 and 28, and dependent claims, are equivalent to claim 1 and dependent claims. However, there is no fact or reason given for the opinion or conclusion the recited elements of claims 1 and dependent claims are equivalent to claims 10 or 28 and respective dependent claims.

3) On Page 16, lines 16 – 19, the Answer states Barbara in conjunction with Harris and Pierce, teaches the limitation of registering a merchant in a discount debit card plan.

However, no explanation is provided for the facts of the “discount debit card plan,” of Harris, Pierce or Barbara, in which the merchant is being registered or how the merchant is registered, or how the recited claim elements are made obvious.

4) On Page 17, lines 1 -22, Page 18, lines 1 -2, the Answer states it would have been obvious to combine discount debit card system and merchant discounts as taught by Harris and Pierce, with registering a merchant using predefined parameters in a payment system as taught by Barbara, on the given reason “. . .because it provides a quick enrollment process for merchants wishing to take advantage of the business offered by a discount debit card system,” (see lines 9 -11), and it would have been obvious to modify Harris and Pierce “. . . . to include registering a merchant using predefined parameters as taught by Barbara . . . to combine known features of a discount debit card systems, merchant discounts, and registering merchants to achieve the predictable result of having a discount debit card system whereby merchants wishing to provide discounts can registered quickly and efficiently.

However, the Answer does not provide any facts in support of the asserted “discount

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meet the examiner’s burden in demonstrating the denial of a patent. (See fn. 4).

debit card systems," by any description of its structure, functions, or manner of operation, or by referral to any particular disclosure of Harris, Pierce, or Barbara, or any reasons connecting any facts of Harris, Pierce, or Barbara to the conclusion " . . .there is sufficient motivation to combine analogous teachings of Harris, Pierce, and Barbara . . . and for the rationale given in the Final Rejection, within the safe harbor<sup>21</sup> of common sense," to satisfy KSR INT'L. CO. v. Teleflex, Inc.

There is no application of what is the discount debit card system disclosed in Harris, Pierce or Barbara or how the disclosures of Harris, Pierce, or Barbara, make any of the recited claim elements, obvious.

5) On Page 18, lines 6 – 10, the Answer, states claim 7 is equivalent to claims 16 and 33, but without any facts of the recited claim element, or reasons why the recited claim elements in claims 7, 16, and 33, are equivalent.

Applicant has demonstrated each of the examiner's asserted disclosures, whether made generally or by particular reference by column and line number, to what Harris, Pierce or Barbara "discloses," or "suggests," or teaches," or would "motivate," are not facts contained within or shown in Harris, Pierce, or Barbara.

56. Examiner has not met the Standard of Review required to reject the claims in this application. Applicant/appellant, requests the Board consider the Appeal Brief and this Reply and vacate all grounds of rejection, given in the Final Rejection and the Answer.

Respectfully,

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/Joel I. Rosenblatt/

Reg. 26025

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<sup>21</sup>Applicant understands "safe harbor," as intending the common sense standard of KSR Int'l.